

Message Text

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TO AMEMBASSY LISBON PRIORITY

C O N F I D E N T I A L STATE 144228

E.O. 11652: GDB

TAGS: BEXP, PO

SUBJECT: CNP PETROCHEMICAL COMPLEX

1. DEPARTMENT AND COMMERCE/MEPD MET WITH SVEN JOHANSSON,
V.P., EUROPE, C. E. LUMMUS CO., AND DR. R. RANSON,
EUROPEAN COMMERCIAL REP., LUMMUS, TO DISCUSS CURRENT

STATUS SINES CNP PETROCHEMICAL COMPLEX PROJECT.
JOHANSSON INDICATED HE HAD ALSO BRIEFED EMBASSY RECENTLY
ON THIS SUBJECT.

2. ACCORDING TO JOHANSON, LUMMUS AND LINDE (FRG)
ONLY COMPETITORS VYING FOR PROJECT MANAGEMENT CONTRACT
FOR 200 MILLION DOLLAR COMPLEX, WHICH WILL INCLUDE
ETHYLENE/OLEFINS PRODUCTION FACILITIES AND AROMATICS
PLANT. LUMMUS FORESEES THAT 150 MILLION DOLLARS
WILL REPRESENT FOREIGN CONTENT OF WHICH APPROX. 60
PERCENT WILL BE PROCURED FROM U.S. IF LUMMUS CAN
ARRANGE U.S. FINANCIAL PACKAGE.

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3. LUMMUS STATES PROJECT READY TO MOVE FORWARD AND

THAT GOVT. APPROVAL WILL BE FORTHCOMING SHORTLY.

WHILE LUMMUS FEELS THEY HAVE SLIGHT ADVANTAGE TECHNICALLY, CONTRACT RESTS ON LUMMUS ABILITY TO PUT TOGETHER FINANCING IN U.S. JOHANSSON WILL BE VISITING CHASE MANHATTAN BANK FOR THIS PURPOSE BEFORE RETURNING TO PORTUGAL. HE BELIEVES EXIMBANK PARTICIPATION WILL BE NECESSARY IN ORDER TO SECURE PRIVATE U.S. FINANCING.

4. JOHANSSON SCHEDULED TO BE IN LISBON ON FRIDAY, JUNE 20, TO REPORT BACK TO CNP AND PORTUGUESE GOVERNMENT REGARDING RESULTS OF TRIP TO U.S. LUMMUS HAS OFFERED TO SIGN CONTRACT TO BEGIN WORK ON PROJECT FOR THREE MONTH PERIOD, DURING WHICH TIME LUMMUS WILL ATTEMPT LINE UP U.S. FINANCING. IF, AFTER THREE MONTHS, FINANCING IS NOT ARRANGED, LUMMUS WILL FORFEIT.

5. JOHANSSON INTENDS VISIT EMBASSY BEFORE SEEING PORTUGUESE OFFICIALS. HE EXPRESSED DESIRE FOR USG TO DISPLAY INTEREST IN PROJECT TO GOP, AND REQUESTED THAT EMBOFF ACCOMPANY HIM TO MEETINGS WITH PORTUGUESE GOVT.

6. WE NOTE POSSIBILITY THAT USG SUPPORTED EFFORT TO WIN THIS CONTRACT COULD BE USEFUL IN DEMONSTRATING USG DESIRE TO MAINTAIN INVOLVEMENT IN PORTUGAL DURING A POLITICALLY SENSITIVE PERIOD. SINCE PROJECT APPARENTLY WILL MOVE AHEAD, WOULD OF COURSE PREFER TO SEE U.S. FIRM WIN SIZABLE CONTRACT OVER GERMAN COMPANY. WE BELIEVE THAT THERE ARE NO OTHER MAJOR PROJECT CONTRACTS IN OFFING WHICH PRESENT AN IMMEDIATE OR NEAR TERM OPPORTUNITY FOR CONSUMATION AND IN WHICH U.S. FIRMS HAVE AN INTEREST.

7. WOULD APPRECIATE EMBASSY'S OPINION RE PARA 6 ABOVE AND IDEAS RE POSSIBLE ROLE FOR USG IN THIS PROJECT. WE ARE PARTICULARLY INTERESTED TO KNOW HOW STRONGLY THE EMBASSY DESIRES TO BECOME INVOLVED
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IN PROJECT SO THAT WE CAN DETERMINE WHAT ENCOURAGEMENT WE CAN GIVE LUMMUS HOME OFFICE. KISSINGER

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